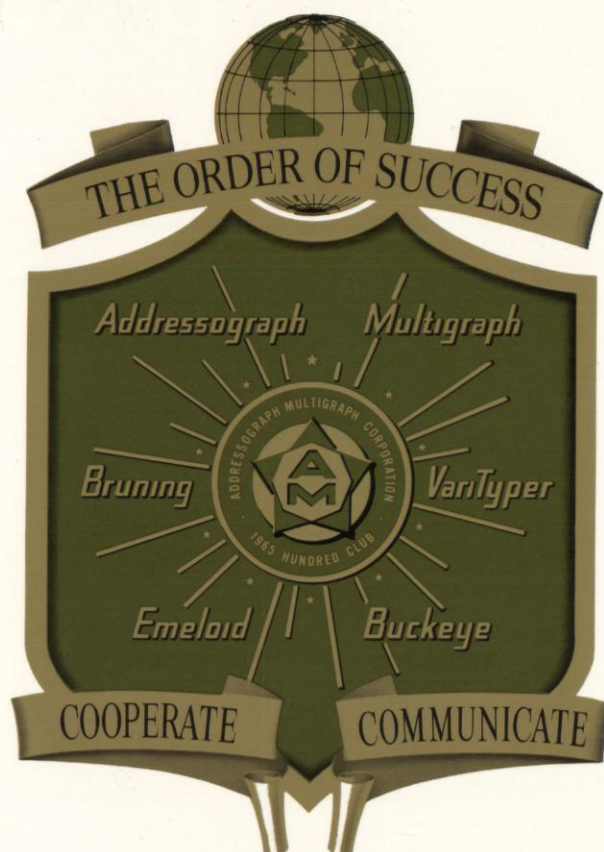




1965 ANNUAL REPORT

*Addressograph Multigraph
Corporation*

BOARD 5
7 334.39
Ad 82R



This shield tells a simple story.

It was introduced at the 1965 Hundred Club honoring the leading members of our sales organization. It proclaims that the "Order of Success" – continued growth of the corporation – is furthered by the ability of A-M's six divisions and subsidiaries to "Cooperate and Communicate" with each other and with customers and prospects.

Throughout our world-wide organization, the effect of this effort can be felt. The pooling of experience and talent is reflected in new systems and procedures developed for our customers. The sharing of research, engineering and marketing knowledge has resulted in technological advances and improved products.

The free flow of information between the various sales organizations has helped to step-up the effectiveness of all sales representatives. Working together in the same branch offices, they are better able to exchange new ideas.

This principle of COOPERATE-COMMUNICATE will continue to support our position as a leader in the industry.



SERVING BIG BUSINESS - SMALL BUSINESS - ALL BUSINESS FOR 72 YEARS

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The 32 pages of this annual report were reproduced entirely on products of the corporation. Text matter, 10-year tables, financial statements, and cut-lines for illustrations were composed on a VariTyper Model DSJ 660 using a Buckeye ribbon. All large type heads and sub-heads were composed on the VariTyper Headliner, Model 840.

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The envelope in which this report was delivered was automatically addressed on an Addressograph 5000 equipped with a Buckeye carbon ribbon.

BOARD OF DIRECTORS

*FRANK H. WOODS

Chairman, Board of Directors
Chairman, Executive Committee

*PHILIP M. AITKEN

Partner, Woods, Aitken and Aitken

*WILLIAM I. AITKEN

Partner, Woods, Aitken and Aitken

RAYMOND Q. ARMINGTON

President, The Triax Company

WALTER K. BAILEY

Chairman of the Board, The Warner & Swasey Company

*EDWIN C. BRUNING

Executive Vice President, Charles Bruning Division

HERBERT F. BRUNING

Formerly President, Charles Bruning Company

*JOHN S. FANGBONER

President, The National City Bank of Cleveland

JOHN B. RUSSELL

Mfr., Wood Products, Retired

†BARTON J. STONE

Executive Vice President

*J. BASIL WARD

President and Chief Executive Officer

*LEWIS B. WILLIAMS

Foundation Trustee

* Member Executive Committee † Resigned July 31, 1965

OFFICERS

September 1, 1965

J. BASIL WARD

President and Chief Executive Officer

DONALD C. ADAMS

Administrative Vice President and Treasurer

A. JAY SOMERS

Administrative Vice President and Controller

BERG L. MEYERS

Administrative Vice President, Marketing

WILLIAM H. WILSON

Administrative Vice President, Corporate Distribution

WOODROW S. ANDERSON

Vice President, Distribution

ALBERT E. MIGNONE

Vice President, Research and Engineering

EDMUND F. FRANZ

Vice President, Industrial Relations

GEORGE R. SULLIVAN

Vice President and Secretary

CLARENCE S. MARGACH

Vice President, Market Research and Product Planning

HOWARD J. WARWICK

Vice President, Manufacturing

KEITH L. HAMER

Assistant Controller

WILLIAM H. REINER

Assistant Treasurer

General Counsel

WOODS, AITKEN AND AITKEN
Lincoln, Nebraska

Accountants

PRICE WATERHOUSE & CO.
Cleveland, Ohio

Common Stock Listed On

NEW YORK STOCK EXCHANGE and MIDWEST STOCK EXCHANGE

Transfer Agents

FIRST NATIONAL CITY BANK
New York City

Registrars

MORGAN GUARANTY TRUST COMPANY
New York City

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO
Chicago

HARRIS TRUST AND SAVINGS BANK
Chicago

FINANCIAL HIGHLIGHTS

Years Ended July 31:

	1965	1964
Sales	\$269,086,000	\$244,736,000
Net income before taxes	\$ 37,113,000	\$ 35,141,000
Taxes on income	\$ 18,674,000	\$ 17,997,000
Net income	\$ 18,439,000	\$ 17,144,000
Per share	\$2.31	\$2.15
Cash dividends	\$ 10,390,000	\$ 8,438,000
Per share	\$1.30	\$1.10

Plant and Equipment:

Expenditures, net	\$ 9,802,000	\$ 7,664,000
Depreciation	\$ 7,239,000	\$ 6,551,000

At End of Year:

Working capital	\$ 93,851,000	\$ 89,279,000
Net plant and equipment	\$ 49,726,000	\$ 47,314,000
Total assets	\$191,041,000	\$178,246,000
Long-term indebtedness	\$ 272,000	\$ 559,000
Stockholders' equity	\$143,358,000	\$135,308,000
Per share	\$17.94	\$16.93
Number of employees: Domestic	14,221	13,465
Worldwide	19,682	18,439
Number of stockholders	19,300	17,900

TO THE STOCKHOLDERS

Addressograph Multigraph Corporation continued its progress in this, the 72nd year of its history.

New records were set in sales and net income in the fiscal year ended July 31, 1965, notwithstanding a 12 week strike at the Euclid, Ohio, plant during the fourth quarter of the year.

SALES

World-wide revenues from sales, services and equipment rentals were \$269,086,000, representing a 10% increase over the \$244,736,000 of sales in the previous year. This was the 12th consecutive year in which A-M scored new records in sales.

NET INCOME

The net income derived from world-wide operations was \$18,439,000, an increase of 8% over the \$17,144,000 recorded the year before.

On a per share basis, net income was \$2.31 for 1965, compared with \$2.15 for 1964. For both years, there were 7,992,106 shares outstanding.

In relation to sales, income before taxes was 13.8%, and 6.9% after taxes.

The amount provided for income taxes in the United States and in foreign countries was \$18,674,000, equivalent to \$2.33 per share. Federal income tax returns have been audited through the 1959 fiscal year.

DIVIDENDS

In the past fiscal year, cash dividends amounting to \$1.30 per share were distributed in two quarterly payments at the rate of 30¢, and two quarterly payments at the rate of 35¢. These payments totalled \$10,390,000, an increase of \$1,952,000 over the dividends paid in 1964.

The total of cash dividends paid represented 56% of net income for the year.

A-M has a 30 year record of consecutive quarterly cash dividend payments on the common stock. The amount of dividends distributed per year has increased in each of the past 13 years.

The Board of Directors has declared a cash dividend of 35¢ a share payable October 10, 1965, to stockholders of record September 10, 1965.

HIGHLIGHTS

	NET SALES BILLED	NET INCOME	CASH DIVIDENDS PAID	EARNINGS RETAINED
1965	\$269,086,000	\$18,439,000	\$10,390,000	\$8,049,000
1964	244,736,000	17,144,000	8,438,000	8,674,000
1963	233,131,000	15,562,000	6,577,000*	7,555,000
1962	173,873,000	13,151,000	5,890,000	7,261,000
1961	162,331,000	12,177,000	5,759,000	6,418,000
1960	155,962,000	12,694,000	4,917,000	7,777,000
1959	132,150,000	9,834,000	4,492,000	5,342,000
1958	128,450,000	9,138,000	3,736,000	5,402,000
1957	115,631,000	7,757,000	3,626,000	4,131,000
1956	95,598,000	7,375,000	3,468,000	3,907,000

Note: The comparative ten-year tables on this page and on pages 8 and 9, include the results of the Charles Bruning Company for fiscal years 1963 through 1965 only. Differences in accounting practices and in the ending dates of the fiscal periods make it impractical to include Bruning in prior fiscal years. *Excluding \$1,430,000 of Bruning Dividends.

DIVIDENDS (per share)

FISCAL YEAR PERIODS TO JULY 31

	NUMBER OF SHARES	NET INCOME	EARNINGS RETAINED	DIVIDENDS PAID* IN CASH	DIVIDENDS PAID* IN STOCK	STOCK SPLITS
1965	7,992,106	\$2.31	\$1.01	\$1.30	—	
1964	7,992,106	2.15	1.05	1.10	—	
1963	7,986,793	1.95	.95	1.00	—	
1962	6,576,893	2.00	1.10	.90	2%	
1961	6,576,893	1.85	.97	.88	2%	
1960	6,541,703	1.93	1.18	.75	3%	2-for-1
1959	6,541,703	1.50	.81	.69	3%	3-for-1
1958	6,230,193	1.46	.86	.60	3%	
1957	6,230,193	1.25	.66	.59	3%	
1956	6,139,433	1.21	.64	.57	3%	

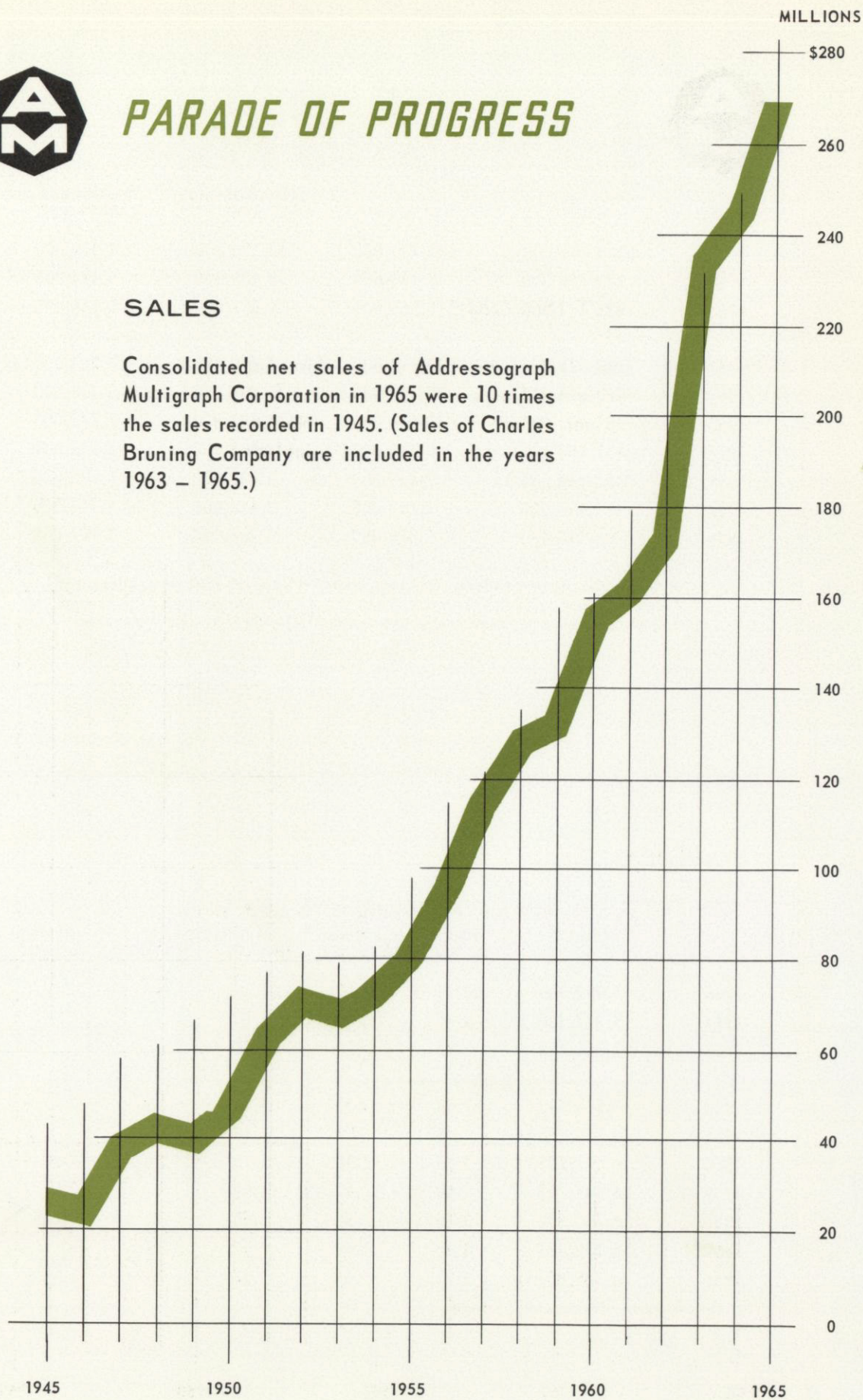
See note above. *Exclusive of Bruning.



PARADE OF PROGRESS

SALES

Consolidated net sales of Addressograph Multigraph Corporation in 1965 were 10 times the sales recorded in 1945. (Sales of Charles Bruning Company are included in the years 1963 - 1965.)

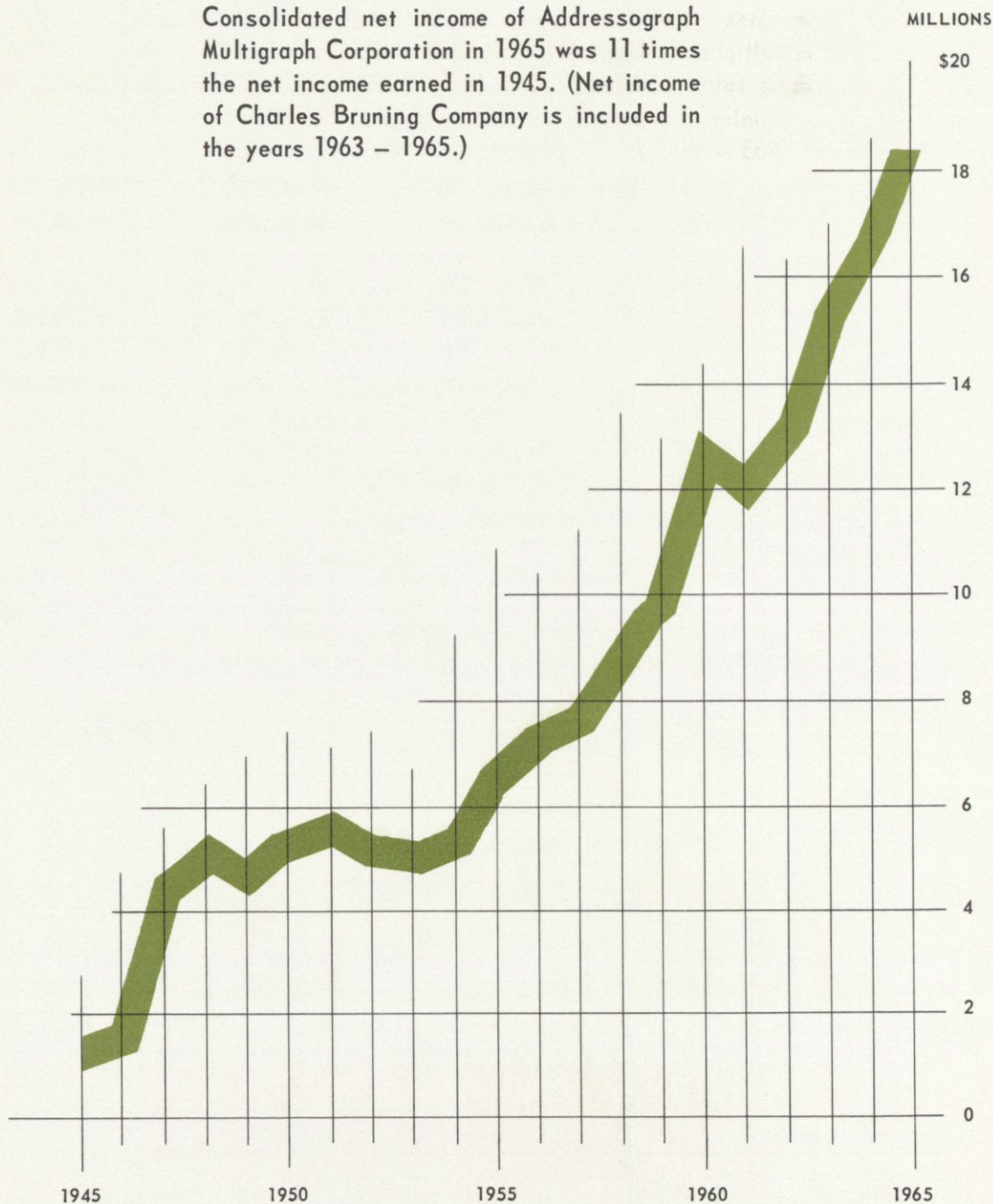




PARADE OF PROGRESS

NET INCOME

Consolidated net income of Addressograph Multigraph Corporation in 1965 was 11 times the net income earned in 1945. (Net income of Charles Bruning Company is included in the years 1963 – 1965.)



FINANCIAL POSITION

At the end of the year, after payment of cash dividends, there remained \$8,049,000 out of this year's net income, for use in the business.

Working capital of \$93,851,000 at the close of the year, compared with \$89,279,000 for the year 1964, is an increase of \$4,572,000 or 5%.

The ratio of current assets to current liabilities was 3 to 1.

Long term debt has been reduced to the nominal amount of \$272,000, representing the borrowings of several subsidiaries.

A-M has continued to maintain a strong financial position.

CURRENT POSITION

	CURRENT ASSETS	CURRENT LIABILITIES	WORKING CAPITAL
1965	\$139,552,000	\$45,701,000	\$93,851,000
1964	129,640,000	40,361,000	89,279,000
1963	121,325,000	39,187,000	82,138,000
1962	92,404,000	31,347,000	61,057,000
1961	86,713,000	27,584,000	59,129,000
1960	82,214,000	28,388,000	53,826,000
1959	73,077,000	23,739,000	49,338,000
1958	59,356,000	22,670,000	36,686,000
1957	52,371,000	20,742,000	31,629,000
1956	48,046,000	19,322,000	28,724,000

See note concerning this table on Page 5.

Stockholders of record have increased from 17,900 to 19,300, continuing the growing trend in number of investors in the company's common stock.

LEASING PROGRAM

To exploit to the maximum all available marketing opportunities, in September, 1965 A-M established its own self-financed equipment leasing program for its customers and prospects.

For many business managers there are a variety of advantages in leasing cost-saving equipment rather than buying it outright. But many of our customers did not like having a third-party leasing company come between them and the equipment manufacturer. A-M can now assure these customers of "One Source Responsibility."

The rates and lease terms offered by A-M are competitive with those offered by leasing companies.

We expect the new A-M leasing program will significantly assist in the company's growth trend.

STOCKHOLDERS' EQUITY

	ASSETS	LIABILITIES	STOCKHOLDERS' EQUITY	EQUITY PER SHARE	NUMBER OF SHARES
1965	\$191,041,000	\$47,683,000	\$143,358,000	\$17.94	7,992,106
1964	178,246,000	42,938,000	135,308,000	16.93	7,992,106
1963	169,311,000	42,633,000	126,678,000	15.85	7,986,793
1962	125,278,000	32,331,000	92,947,000	14.13	6,576,893
1961	114,544,000	28,857,000	85,687,000	13.03	6,576,893
1960	108,485,000	29,712,000	78,773,000	12.04	6,541,703
1959	96,159,000	25,127,000	71,032,000	10.86	6,541,703
1958	81,447,000	24,315,000	57,132,000	9.17	6,230,193
1957	74,458,000	22,728,000	51,730,000	8.30	6,230,193
1956	66,469,000	21,475,000	44,994,000	7.33	6,139,433

See note concerning this table on Page 5.

ORGANIZATION CHANGES

Because of illness, Barton J. Stone tendered his resignation as Executive Vice President and as a Director, effective July 31, 1965. Mr. Stone began his A-M business career in 1925. Over the years, in a succession of increasingly responsible positions, his distinguished service to the corporation was an inspiration to all other members of the organization. Bart Stone's resignation was accepted with deep regret.

Lewis B. Williams, a member of the Board of Directors of the corporation since 1948, has stated his desire not to stand for re-election as a director in the coming year, due to illness. His sage counsel and constant support have been important contributors to the company's growth over the past 17 years. On behalf of the directors and officers, we express sincere appreciation for his faithful service.

Edwin C. Bruning and John S. Fangboner, members of the Board of Directors, have been elected to the Executive Committee.

As of September 1, 1965, the following officer appointments were made by the Board of Directors:

Donald C. Adams, Administrative Vice President and Treasurer, formerly Vice President and Treasurer.

Berg L. Meyers, Administrative Vice President, Marketing, formerly Vice President, Marketing.

A. Jay Somers, Administrative Vice President and Controller, formerly Controller.

William H. Wilson, Administrative Vice President, Corporate Distribution, formerly Vice President, Distribution.

Woodrow S. Anderson, Vice President, Distribution, formerly National Sales Manager, Multigraph Division.

George R. Sullivan, Vice President and Secretary, formerly Secretary.

Keith L. Hamer, Assistant Controller, formerly Vice President and Treasurer of Addressograph Multigraph of Canada Limited.

With the leadership of this experienced group of A-M career men, supported by the other corporate officers and by an outstanding team of capable management people in all divisions and subsidiaries, the company is prepared for continuing progress in our dynamic and highly competitive industry.

RECENT LABOR DISPUTE

A strike was called at the Euclid, Ohio, factory on April 28, 1965.

This dispute arose out of a grievance filed by a factory employee claiming that his seniority and ability entitled him to promotion to a highly skilled classification. After full investigation the company found the grievant not qualified for the promotion. There was no arbitration provision in the agreement.

During the strike the Factory Union and the Office Union struck also on the issues of pensions and group life insurance, which agreements were in negotiation at the time. The issues were resolved and work was resumed on July 20, 1965.

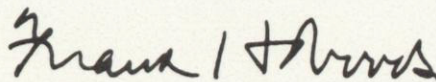
The settlement included provision for the arbitration of grievances and an agreement to negotiate a new grievance procedure.

Settlements as to pensions and group life insurance are in line with recently negotiated contracts in the area. The cost of both of these plans is borne entirely by the company.

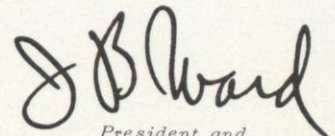
CONCLUSION

In our present economy of dynamic change and growth, the opportunities for continued progress of the corporation are at hand. We are confident that with the loyalty and initiative of the many A-M career men and women, these opportunities will be used to accomplish the goals we plan for the years ahead.

On behalf of the Board,



Chairman of the Board



*President and
Chief Executive Officer*

The annual stockholders meeting of the Corporation will be held at the office of the Corporation, 1200 Babbitt Road, Cleveland, Ohio, on Tuesday, November 9, 1965, at 11 A.M.

Proxies for the meeting will be requested by the Management at a later date. The notice, proxy statement and proxy for the meeting will be mailed on or about October 15, 1965.

CONSOLIDATED

*STATEMENT OF INCOME
AND RETAINED EARNINGS*

FOR THE YEAR ENDED JULY 31, 1965

	1965	1964
Sales and miscellaneous income:		
Net sales, service billings and rentals	\$269,085,733	\$244,736,280
Interest, discount and other income	1,395,364	1,542,877
	<u>270,481,097</u>	<u>246,279,157</u>
Costs and expenses:		
Cost of products and services sold	127,850,293	117,077,052
Research, development and engineering expenses	7,346,068	7,275,927
Branch expenses, commissions and discounts	70,540,781	61,460,270
Other selling, advertising, general and administrative expenses	27,400,284	25,120,234
Interest	230,636	205,082
	<u>233,368,062</u>	<u>211,138,565</u>
Income before income taxes	<u>37,113,035</u>	<u>35,140,592</u>
Provision for income taxes:		
United States — current and future	16,450,719	15,478,604
Foreign	2,222,971	2,517,914
	<u>18,673,690</u>	<u>17,996,518</u>
Net income	18,439,345	17,144,074
Retained earnings at beginning of year	47,160,855	38,487,248
	<u>65,600,200</u>	<u>55,631,322</u>
Cash payment in lieu of issuance of fractional shares for Bruning merger		32,955
Dividends paid:		
\$1.30 for 1965, \$1.10 for 1964	10,389,738	8,437,512
	<u>10,389,738</u>	<u>8,470,467</u>
Retained earnings at end of year	<u>\$ 55,210,462</u>	<u>\$ 47,160,855</u>

Depreciation charges included in costs and expenses amounted to \$7,239,092 in 1965 and \$6,550,623 in 1964.

CONSOLIDATED

BALANCE SHEET

JULY 31, 1965

ASSETS

	1965	1964
Current assets:		
Cash	\$ 13,122,591	\$ 14,395,689
Time deposits	4,882,462	6,058,393
Accounts receivable, less allowance for doubtful accounts — \$1,290,784	55,130,876	48,299,592
Inventories (principally finished products), priced at the lower of cost or market	64,591,397	59,287,041
Prepaid insurance, etc.	1,824,446	1,599,140
	<u>139,551,772</u>	<u>129,639,855</u>
Plant and equipment at cost:		
Buildings, machinery, equipment, rental machines, etc.	95,475,207	88,145,621
Less — Depreciation	48,914,794	43,895,927
	<u>46,560,413</u>	<u>44,249,694</u>
Leasehold improvements, less amortization	784,289	719,464
Land	2,380,979	2,344,621
	<u>49,725,681</u>	<u>47,313,779</u>
Patents, trademarks, goodwill, etc.	1	1
Deferred charges and other assets	1,763,158	1,292,411
	<u>\$191,040,612</u>	<u>\$178,246,046</u>

ADDRESSOGRAPH MULTIGRAPH CORPORATION AND SUBSIDIARY COMPANIES

LIABILITIES AND STOCKHOLDERS' EQUITY

	1965	1964
Current liabilities:		
Bank loans — international subsidiaries	\$ 4,787,515	\$ 2,062,607
Accounts payable	10,384,462	8,971,749
Supply, service and rental contract obligations, less applicable federal income taxes	9,013,856	7,902,349
Accrued taxes, commissions, payroll and other expenses, etc.	8,451,634	7,207,956
Income taxes — U.S. and foreign	12,772,969	13,879,465
Long-term debt due within one year	290,071	337,190
	<u>45,700,507</u>	<u>40,361,316</u>
 Long-term debt — international subsidiaries, etc.	 <u>271,555</u>	 <u>558,573</u>
 Income taxes payable in future years	 <u>1,710,571</u>	 <u>2,017,785</u>
 Stockholders' equity:		
Common stock, par value \$2.50 —		
Authorized 10,000,000 shares;		
issued 8,030,506 shares;		
in treasury 38,400 shares;		
outstanding 7,992,106 shares	19,980,265	19,980,265
 Capital in excess of par value	 68,167,252	 68,167,252
 Retained earnings	 55,210,462	 47,160,855
	<u>143,357,979</u>	<u>135,308,372</u>
	<u>\$191,040,612</u>	<u>\$178,246,046</u>

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

	1965	1964
SOURCE OF FUNDS		
Net Income	\$18,439,000	\$17,144,000
Depreciation and amortization	7,390,000	6,707,000
Other (net)	—	931,000
	<u>25,829,000</u>	<u>24,782,000</u>
USE OF FUNDS		
Cash Dividends	10,390,000	8,438,000
Additions to Plant and Equipment (net)	9,802,000	7,664,000
Reduction of long-term debt	287,000	1,539,000
Other (net)	778,000	—
	<u>21,257,000</u>	<u>17,641,000</u>
 Increase in Working Capital During the Year	 4,572,000	 7,141,000
Working Capital At Beginning of Year	<u>89,279,000</u>	<u>82,138,000</u>
 Working Capital At End of Year	 <u>\$93,851,000</u>	 <u>\$89,279,000</u>

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

At July 31, 1965, the Company and its subsidiaries operated at approximately 163 locations (branches, etc.) under leases, exceeding three-year terms, having a minimum annual rental aggregating about \$2,600,000 in addition to which the Company pays taxes, insurance and other expenses relating to most of the leased premises.

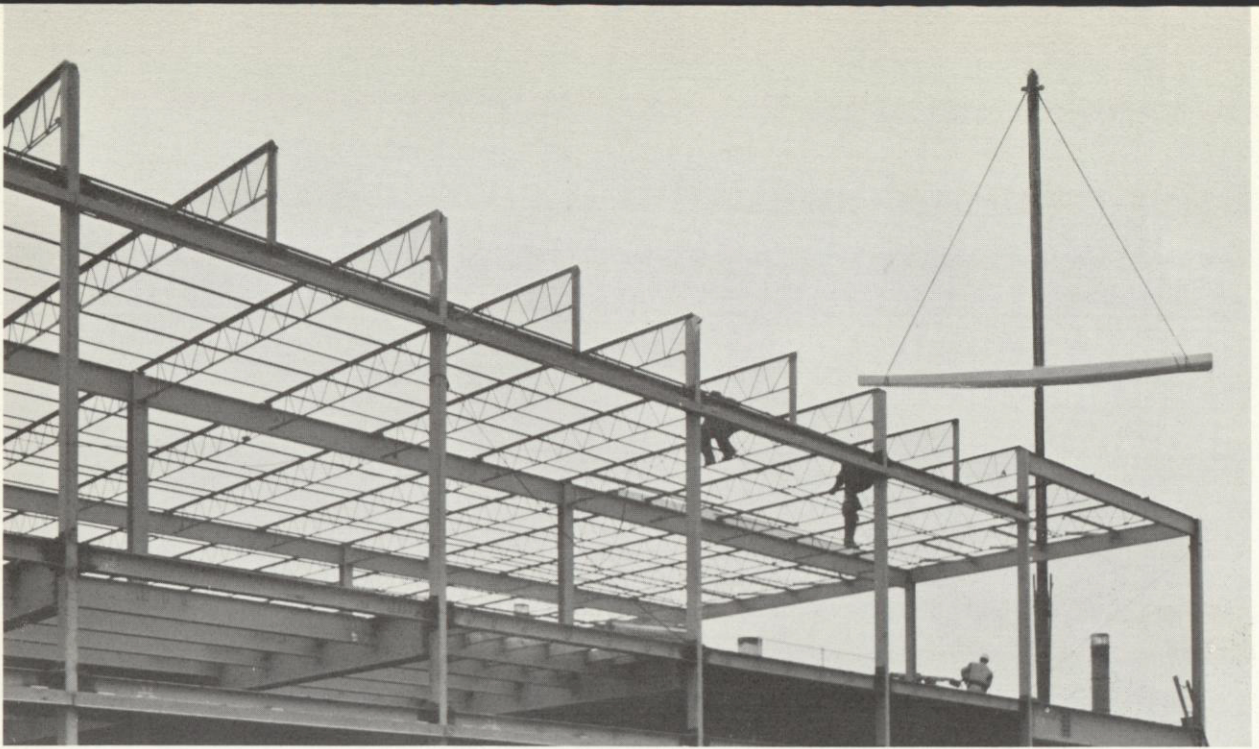
OPINION OF INDEPENDENT ACCOUNTANTS

*To the Stockholders and the Board of Directors,
Addressograph Multigraph Corporation*

In our opinion, the accompanying balance sheet, the statement of income and retained earnings and the statement of source and use of funds present fairly the consolidated financial position of Addressograph Multigraph Corporation and subsidiary companies at July 31, 1965, the consolidated results of their operations and the supplementary information on funds for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of those financial statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

*Cleveland, Ohio
September 13, 1965*

PRICE WATERHOUSE & CO.



EXPANDING FACILITIES

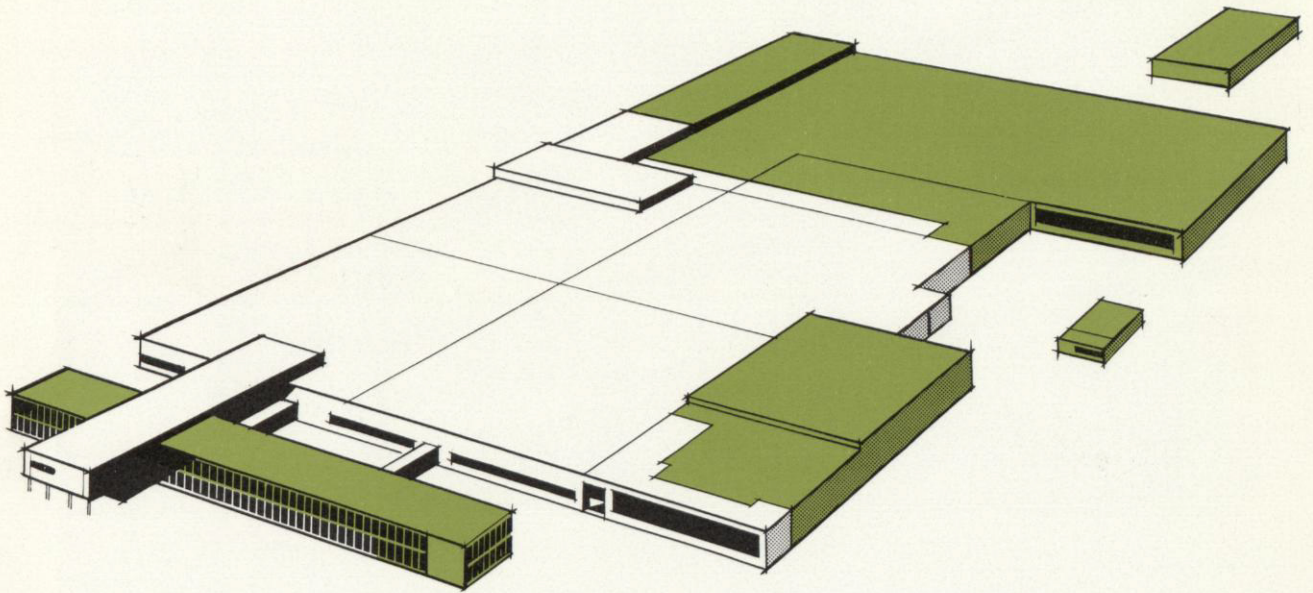
The constantly growing demand for the cost-saving products of Addressograph Multigraph Corporation has necessitated a number of plant expansion projects.

The total investment in these larger projects, either currently underway or about to begin, will be about \$8,500,000. Necessary additional equipment for these expanded facilities will augment this total to approximately \$10,000,000.

Several of the construction projects are depicted on the following two pages.

In addition to these production facilities, the corporation has advanced its planning for several strategically located depots, to provide improved distribution channels for all product lines. The Holmesville, Ohio, project will include space for one such depot. Other depots are planned for serving the Pacific states, the Central Great Lakes area, and the South-eastern states.

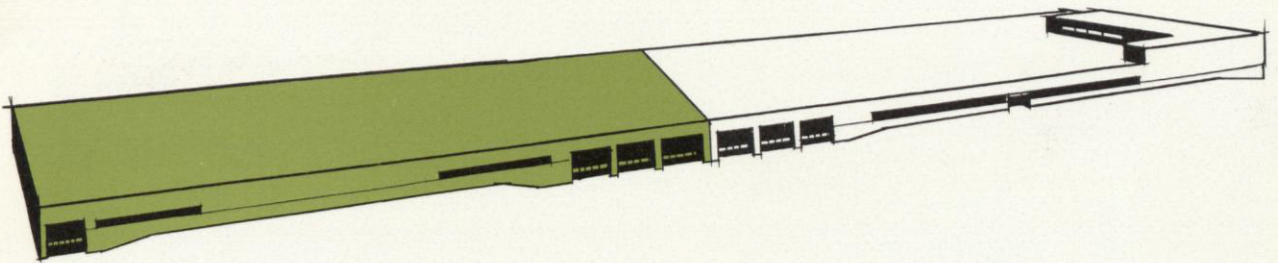
There is a constant program of expanding and improving our branch sales offices in the United States. This program has been accelerated to provide, wherever feasible, space for combined Addressograph Multigraph, Bruning, VariTyper, and Buckeye sales organizations, and thereby achieve coordinated marketing efforts. All branch sales offices are in leased premises, with a few exceptions.



***BRUNING*, Mount Prospect, Illinois**

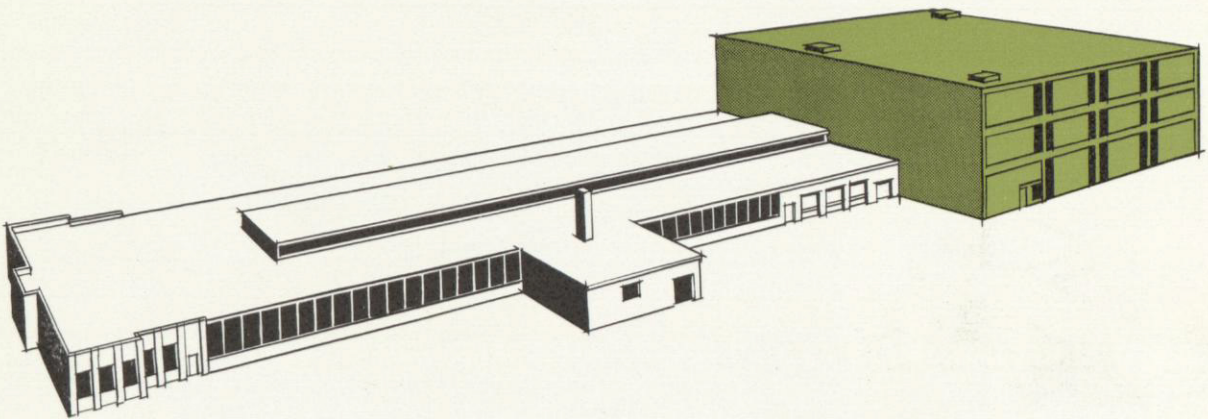
Continuous expansion of the main plant of the Bruning Division at Mount Prospect since the merger has resulted in doubling its size.

New construction is shown in color.



***BUCKEYE HOLMESVILLE*, Holmesville, Ohio**

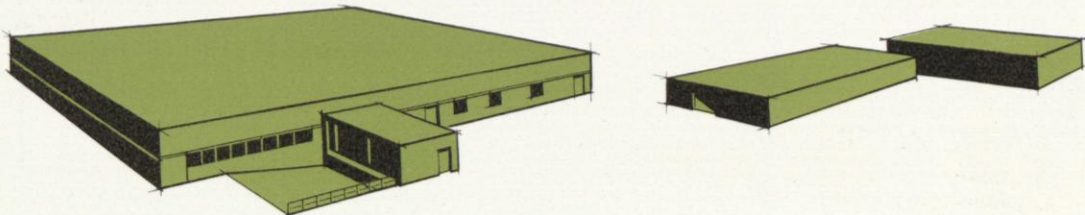
The expansion program of the Buckeye Holmesville plant is underway, doubling its floor area.



EMELOID PLASTIC PLANT, Hillside, New Jersey

Construction has been started to more than double the size of the Emeloid plastic plant at Hillside.

New construction is shown in color.



BUCKEYE INK PLANT, Cleveland, Ohio

Nearing completion is a new ink plant of Buckeye Ribbon & Carbon Co. in Cleveland, including a solvent coating facility.

WORLDWIDE OPERATIONS

... GEOGRAPHIC LOCATIONS

The consolidated net sales and earnings and the consolidated net assets are grouped separately for the United States and international subsidiaries in the tables below. The financial position of the international subsidiaries is shown as of June 30, 1965, which is their fiscal year end.

RESULTS OF OPERATIONS (in thousands)

	UNITED STATES	INTERNATIONAL SUBSIDIARIES	WORLDWIDE TOTALS
Net sales	\$218,668	\$50,418*	\$269,086
Other income	1,269	126	1,395
	<u>219,937</u>	<u>50,544</u>	<u>270,481</u>
Cost and expenses	187,648	45,720	233,368
Income before taxes	32,289	4,824	37,113
Income taxes	16,452	2,222	18,674
NET INCOME	<u>\$ 15,837</u>	<u>\$ 2,602</u>	<u>\$ 18,439</u>
PER SHARE (7,992,106 shares)	<u>\$ 1.98</u>	<u>\$.33</u>	<u>\$ 2.31</u>

* This total does not include the sales to international dealers which are included in U.S. Sales.

FINANCIAL POSITION (in thousands)

	UNITED STATES	INTERNATIONAL SUBSIDIARIES	WORLDWIDE TOTALS
Current assets	\$111,378	\$28,174	\$139,552
Current liabilities	33,255	12,445	45,700
Working Capital	<u>78,123</u>	<u>15,729</u>	<u>93,852</u>
Properties and other assets	43,192	8,296	51,488
	<u>121,315</u>	<u>24,025</u>	<u>145,340</u>
Less: Long-term debt	97	174	271
Income taxes payable in future years	1,711	—	1,711
NET ASSETS	<u>\$119,507</u>	<u>\$23,851</u>	<u>\$143,358</u>
PER SHARE (7,992,106 shares)	<u>\$ 14.96</u>	<u>\$ 2.98</u>	<u>\$ 17.94</u>



Typical of A-M "beat the clock" international shipments was the airlift of 25 Multilith machines to the Nigerian Federal Electoral Commission from A-M Ltd. of Hemel Hempstead, England. This equipment, required to assist in preparation of Nigeria's electoral roll, was operative within five hours after arrival at Ikeja Airport, Nigeria.

INTERNATIONAL

The results reported last year for the international operations covered only the eleven months' period ended June 30, 1965, instead of the full 12 months ended July 31. To simplify financial reporting, the fiscal year end of all international subsidiaries was changed from July 31 to June 30. In fiscal 1965, the international results cover the full 12 months' period from July 1, 1964, to June 30, 1965.

The International Division continued its upward trend of expansion in increased sales, market coverage, personnel and distribution facilities.

Sales of the 20 international subsidiaries were \$50,418,000 for 12 months, an increase of 22% over 11 months of 1964. This volume does not include sales by the parent company and domestic subsidiaries to A-M dealers and customers outside the U.S. It also excludes sales to the four overseas branch offices and all intercompany transactions.

Sales of international subsidiaries represent about 19% of consolidated sales. Sales from the U.S., to the 92 international dealers plus other offshore sales which are included in U.S. sales volume would raise total A-M international sales to about 21% of consolidated sales.

Net income of the international subsidiaries for 12 months amounted to \$2,602,000, a 16% increase over 11 months of 1964.

Prior to this fiscal year the Bruning international subsidiary operations were restricted to Canada. During the past year each of the 20 A-M international subsidiaries and certain selected dealer organizations introduced the Bruning electrostatic product line and developed a separate Bruning sales and service organization. Progress achieved since introduction indicates a healthy growth pattern for this product line in our international markets.

Total employment in international operations now exceeds 5400, an increase of 9.8% during the year. Additions to employment have been primarily to the direct sales force which will produce increased sales in all product lines during this and succeeding years.



OPTICAL



PHYSICS



CHEMICAL

RESEARCH AND DEVELOPMENT

The scope of corporate research and development activities continues to expand. Main emphasis is placed on the development of new products targeted at growth markets served by all divisions and subsidiary companies. The challenges of the highly competitive business machines industry are fully recognized, and a number of projects are underway to enhance the company's position in its many product lines.

It has long been an established corporate policy not to identify specific objectives of research work until the time new products can be announced and firm orders for delivery taken. Following are some of the products which have been commercialized during the past year.

New Addressograph products include a number of low cost, versatile machines for source data automation applications. These have been designed to serve the ever growing need for de-centralized data writing, and include machines capable of recording source data in characters and codes suitable for computer input.

In the Multigraph product line, development of the new Multi-lith Offset 1850 has been completed. This machine bridges the gap in the Graphic Arts market between office duplicators and large offset presses. Additionally, development work is proceeding to add a wide range of systems features to the basic machine. The additions will greatly extend its market potential by serving both the Graphic Arts and general duplicating markets.

In the Bruning Electrostatic Copier line, a new all-purpose desk top copier — the Bruning 3000 — is now ready for release. This versatile machine has been designed to serve the general copying requirements of all businesses at minimum cost. The machine can copy general business documents,



DESIGN DEVELOPMENT



INDUSTRIAL DESIGN



PROTOTYPES

legal size documents and bound books. It can be programmed to produce multiple copies of any original. Another important development is a new electrostatic offset master which can be prepared on the popular Bruning 2000 for subsequent automatic duplication of low cost copies on Multilith off-set models.

VariTyper completed the design and released for sale the Model 80 Headliner and the Model 85 Processor. These compact, low cost units bring the proven advantages of present automatic headline composing equipment to lower work volume applications, thereby greatly broadening the market base.

New developments in the Buckeye line of carbons and ribbons include specially formulated high quality, heavy duty ribbons for high speed printers associated with computer installations. Current Emeloid developments include not only products to complement the Addressograph line of plastic products but also new proprietary products to extend their volume potential in the custom molding field.

In addition to research and development expenditures in support of in-house programs, substantial research is performed in behalf of the corporation by a large number of suppliers. In some instances, products are brought to market quickly utilizing initial production of the original source. Product design engineering work is then undertaken to promote a smooth transition into corporate production facilities.

As the technological base of research and development activities broaden in the parent company, its subsidiaries' and divisions' research in one area complements that of another. Construction of a new research and engineering laboratory at the Bruning Division is nearing completion, as part of an overall build-up in R & D capabilities.



MARKETS

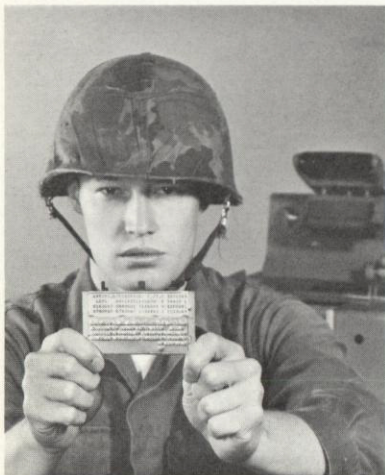
A number of markets for business paperwork systems have experienced dynamic growth in the year just ended. The Corporation has developed many new machines and systems in each of its product lines, aimed directly at the requirements of these known growth markets, a few of which are discussed in the following pages of this report.

ADDRESSOGRAPH

Addressograph systems to handle the repetitive writing of information on business forms continue to gain ever increasing acceptance in expanding market areas. The many advantages of storing business information on Addressograph self-writing memory units for quick retrieval and automatic writing on all kinds of business forms are reflected in a wide range of new uses.

Source Data Automation

Widespread use of computers and electronic accounting machine systems has provided the Addressograph Division a tremendous new market for its products and methods. Effective use of modern automated information systems is dependent upon providing them with input data which is complete, accurate and organized according to a uniform pattern.



On June 1, 1965, the U.S. Marine Corps put into effect a worldwide Addressograph system to automate the preparation of documents required in personnel administration. Addressograph data storage records contain 27 items of information on each Marine, and eliminate time-consuming and error prone manual writing of this data by military personnel.

In business oriented systems the source data used for computer input is provided by people and, consequently, it is subject to human error. Also, much of this source information is repetitive. The basic Addressograph advantages in repetitive data writing, recognized for years in traditional applications, are even more important in the new Addressograph markets associated with source data recording for computer input.

In addition to transcribing repetitive information from up to four embossed data storage records simultaneously, Addressograph Source Data Recorders print new variable information as set up in a keyboard. Some Addressograph systems include machines for electronically reading recorder-printed data and automatically converting it to computer input codes.

During the past year, a large volume of business was secured for Addressograph Source Data Automation Systems in industrial, commercial and governmental markets. Typical applications include data gathering for production control and payroll, material control, dues collection, stockholder accounting, and many types of retail credit sales accounting.

Automation of the source data gathering function is the prime role of the Addressograph Division in automatic data processing. It probably will be the fastest growing market for Addressograph machines and systems in the immediate future.

Hospitals and clinics use Addressograph Source Data Automation Systems to record vital patient and treatment information and initiate patient charge records for laboratory and other professional services.



Addressograph Transfer Printers, used to record listed computer print-out information on unit documents, have become a recognized standard method of reducing data print-out costs and increasing forms writing flexibility in all computer-based business systems.

In large volume workloads, the writing of names, addresses, and other repetitive business information on a wide range of forms such as envelopes, cards, brochures, posting records, and the like, is best accomplished by this method.

Addressograph Transfer Printers take information printed in continuous form on high-speed printers and automatically transfer this data directly onto individual forms of a wide variety of sizes and thicknesses.

Most companies with electronic data processing installations can make good use of Addressograph heat transfer equipment to save computer time and reduce forms costs. Markets for these machines will grow in pace with increased computer usage.

Business Data Systems

The ever-expanding U.S. economy and its need for paperwork support has generated a demand for Addressograph equipment over a wide range of uses in traditional markets. Some of the more interesting include:

... Order-writing systems which automate the writing of forms associated with sales production, shipping and invoicing. Wholesale distributors, in particular, utilize Addressograph equipment to streamline order handling and cut costs.

- . . . Identification systems — including plastic driver's license cards, validating cards for voter's registration, plastic hospital patient cards and student identification card records — are but a few of the uses associated with the identification of people.
- . . . Accurate and complete personnel records must be kept on the 70,000,000 people employed today. Originating records written on a new hire require the processing of many varying sized forms. Addressograph products speed the preparation of personnel records in plants both large and small across the country.
- . . . The new Zip Code program of the U.S. Post Office requires a five-digit zip code delivery zone designation to appear on individual pieces of mail.

Many colleges and universities use Addressograph Transfer Printers to periodically post student accomplishment records to permanent historical ledgers. Source data for posting is a listed computer print-out of current study courses, credit hours and grades for each student.



As a result, many present users are modernizing their Addressograph plate files and have purchased new machines to implement an updating program. New users are finding economic justification for Addressograph systems which did not previously exist because postage rate reductions are granted business mailers on certain classes of mail if they pre-sort and tie outgoing pieces in groups according to zip code delivery designations.

- . . . Route control systems for laundries, dry cleaning, fuel oil and other service organizations can be handled efficiently by new Addressograph systems. Automatic pre-writing of route information eliminates handwriting and costly errors.

- . . . Many of the largest banks in the country have installed and are installing Addressograph Data Recorders and plastic credit card systems for community credit plans. Charge invoices are written at point of transaction — accurately, and in machine readable language, if desired.
- . . . The Addressograph credit card system is a standard in retail establishments. Attractive, colored Addressograph credit cards are universally used in large stores, store groups and small retail sales outlets — including restaurants.

Addressograph self-writing unit memory records provide a readily adaptable answer to the basic data writing needs of business.

New Graphotype machines now make it possible for any office typist to prepare Addressograph plates and plastic cards at better than typewriter speeds. Further, new control features provide an efficient "Data-Link" between EDP systems and Addressograph plate records. Addressograph data storage records can be produced automatically from punch card information generated by computers.

The growth curve of Addressograph products will be accelerated as the profile of Addressograph installations continues to change in response to the many new uses created by modern business methods.

MULTIGRAPH

The education "explosion," both in the United States and abroad, has created many new markets for volume sales of each A-M division's products and systems. Rapidly expanding school enrollments at all educational levels, the increased use of visual teaching aids, as well as many far-reaching Federal Government Assistance Programs have combined to produce this market growth.



At this U. S. Government Manpower Development Training Administration Center, several models of Multilith offset duplicators in conjunction with allied master-making equipment are used to develop and train employable off-set duplicator operators.



Complete Multigraph report reproduction centers have been installed by many computer users to produce high quality copies of computer print-out data including form overlays with column headings and rulings. On-line sorters automatically distribute copies as required for use.

The Education Market

The Multigraph Division is in a uniquely advantageous position in educational markets because of the extremely broad range of uses which have been found for its equipment. Multilith offset methods are widely used for the preparation of text and other instructional material. Multigraph relief process machines can even produce printed material in raised Braille characters for use by visually handicapped people.

Coupled with copying machines, Multigraph equipment provides a system whereby current news information and the latest technical information can be reproduced in quantity for student use — long before printed text books on the subjects are available.

Preparation of test and examination material and instructions, as well as duplication of illustrated visual teaching aids are other important instructional uses for Multilith offset equipment.

In vocational secondary schools, and more recently in government sponsored job training programs, Multigraph products have been sold in substantial volume for student occupational training. Both the government and private institutions recognize that hundreds of thousands of jobs exist in our present economy for trained offset duplicator operators.

Graphic Arts

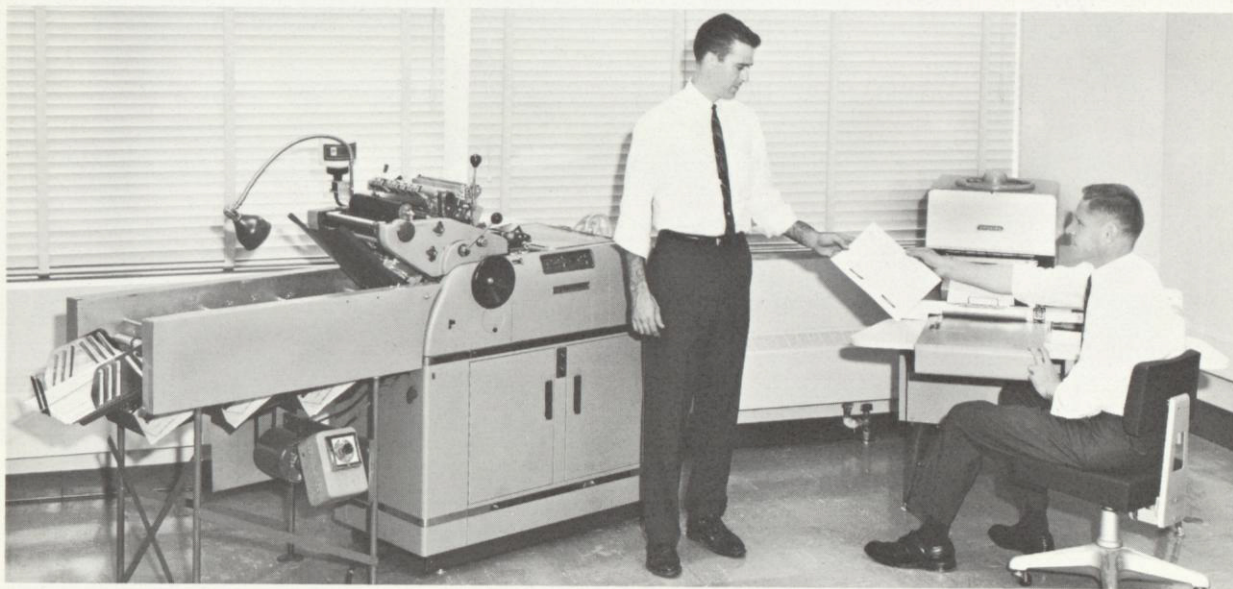
With the advent of the Multilith offset 1850, important penetration has been achieved in a sizable segment of the Graphic Arts industry.

The commercial printing industry, including in-plant printing departments in business and industrial establishments, is now a ten billion dollar a year market in the United States alone. Multilith offset equipment with Multigraph automated master-making machines and copy collators combine to complete a high efficiency reproduction system for an important and growing segment of the Graphic Arts market.

Automated Multigraph Graphic Arts systems have bridged the equipment gap between conventional offset duplicators and large commercial-type printing presses. Multigraph systems provide professional quality offset printing with highly mechanized copy preparation and copy distribution to meet most short and medium run printing requirements for a wide range of smaller page copy sizes.

Computer Support Systems

Multigraph sales continue to expand in the computer support market. Proven savings in high speed printer usage time and forms costs have resulted in rapidly increasing acceptance of automated Multilith offset machines and copy distribution sorters in all kinds of computer installations where a sizable volume of print-out is required.



This Multilith/Bruning system is used to automatically produce freight bills in the trucking and railroad industries. Original bills of lading are extended with charges and then copied by Bruning 2000 machines onto Multilith paper masters. Multilith 2550 duplicators produce required bill copies and automatically sort according to end use requirements.

Multilith offset machines in these installations, are much more than simply copy duplicators. They print the finished forms upon which data appears and control distribution of the forms to various points of use as well as number of copies required for each. Multilith offset thus becomes an integral component of the computer system.

Estimated 30% yearly growth rate of computer installations between now and 1970 will assure the Multigraph Division a rapidly increasing market for its computer support systems.

BRUNING

The Bruning Division continues to contribute significantly to industry's constant battle against the rising costs of paperwork. Wherever fast inexpensive copies are needed Bruning electrostatic and diazo copying machines are proving their value, resulting in the Bruning sales curve continuing sharply upward.

Bruning provides highly versatile electrostatic general copiers, and also high-speed, low-cost machines for specialized use in business systems. From all-purpose copiers for everyday office use to high-production machines tailored to sophisticated communications methods, Bruning offers the machine to fit the job.



Many businesses have decentralized their office copying, using Bruning electrostatic copiers within various departments. Copies are produced instantly when and where needed.

Paperwork Processing

Simplifying paperwork processing through mechanical copying has long been a major service of the Bruning Company, but in the past few years this activity has mushroomed beyond all expectations.

Diazo copying of accounting and administrative documents has been a natural extension of the long established engineering uses of diazo for copying drawings.

The electrostatic line of copying machines, however, has proved to be the most significant factor in the division's rapid sales growth in all business, industrial and government markets.

In the trucking industry, the preparation of freight bills has always been a costly problem. Working together, Multigraph and Bruning developed a system which overcomes the hazards of manual transcription of accounting data and provides required copies at high speed and low cost. Similar cost-saving programs have been developed for many of the nation's railroads.

The bank lock-box application is another example of Bruning copying methods used in a business system. Lock-box users can increase their working capital substantially due to a faster system for processing deposit items.

With lock-box service, the need for copying deposited checks arises, because checks go directly to the account of the bank's client and, without a copy, the client would never see them. In this simplest type of copying system, the Bruning machines provide a vital service.

Department stores use Bruning automatic feed diazo machines for on-the-spot copying of receiving orders on fast moving merchandise. Articles can be marked and stored immediately while buyers check incoming order data.



An important new Bruning 2000 feature — the copy quantity selector — has brought increased automation to many business copying systems. An operator first dials the desired number of copies and inserts the original document. Without further manual intervention, the Bruning Auto-2000 delivers the selected number of copies and ejects the original at the end of the multi-copy cycle.

Cutting Procurement Costs

Bruning paperwork automation systems are cutting procurement costs for a number of large companies engaged in the development of jet aircraft and missiles.

In the space industry from Cape Kennedy to California, Bruning reproduction machines are an important part of the team necessary to insure our nation's future achievements in space.

More Bruning electrostatic copiers are sold to the space industry than to any other field of endeavor, proof positive that the quality and efficiency of Bruning equipment meet the most exacting requirements.

Engineering Markets

Three new diazo "whiteprinters" were introduced by Bruning in 1965 with resounding success. Incorporating many advanced features, these machines are proving to be important time and money savers in drafting and engineering departments as well as in the architectural profession.

With its wide range of copying machines and supporting product lines of supply items, drawing instruments, surveying equipment, and other accessories, totaling over 5,000 items, Bruning is in a unique position to provide complete systems fulfilling many important creative paperwork and copy reproduction requirements of the technical professions, business and industry.



Modern drafting rooms are often fully equipped with Bruning products — including reproduction machines for engineering drawings, drafting machines, furniture, drawing paper, drawing instruments and all other articles used by engineering and architectural draftsmen.

VARITYPER

Recent dramatic growth in the Graphic Arts field has provided greatly increased sales opportunities for the VariTyper Corporation subsidiary. Graphic communications now play a role of prime importance in all types of educational institutions as well as in business, industry, and government. Preparation of source information for printed and duplicated reproduction by all methods is the basic service performed by all VariTyper products and systems.

An office typist with very little training, using a modern VariTyper machine can produce typography comparing favorably with the product of commercial print shops employing high-priced technicians. This page as well as the other pages of the Corporation's Annual Report are typical examples of VariTyper composition.

Today, the VariTyper method is used universally to produce the reading text for all types of printed and duplicated matter, ranging from house organs to catalogs — and from ruled forms to text books.

Type for Display Advertising

The production of typography with large-sized type faces for headlines and display advertising is both swift and economical with special VariTyper equipment. The VariTyper Headliner machine is a photo-composing unit requiring only a simple dialing operation to produce attractive, professionally correct lines of larger sizes of type. New Headliner models are completely automatic with self-contained developing units that deliver finished single or multiple line "type" prints on photo-sensitive paper in about ninety seconds.

Lettering

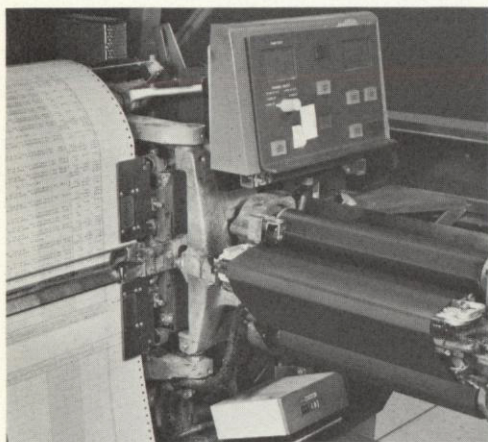
A fast growing specialized market for the VariTyper subsidiary is lettering engineering drawings, bills of material and other engineering documents, using special VariTyper equipment and type fonts. Any engineering activity can use office typists to perform this necessary detail work thereby freeing draftsmen and other technical personnel for more creative work.

Since the services performed by VariTyper machines and methods represent an integral step in most complete graphic reproduction systems, VariTyper works hand in hand with both the Multigraph and Bruning Divisions, and sales are frequently made of all units in a combined installation.



Professional quality composition for offset reproduction is performed by office employees. VariTyper is used to prepare text copy, Headliner to make large-type captions and headlines, and the new A-M Striped Adhesive Wax Coater to paste up material in page form.

BUCKEYE



Heavy duty Buckeye high speed printer ribbons insure uninterrupted high quality document print-out in many large computer installations.

The Buckeye Ribbon & Carbon Co. subsidiary recently completed a new Ink Plant to better serve the rapidly expanding market for one-time inks sold to business forms manufacturers. These inks are used to produce snap-out and continuous carbon-set forms for all kinds of business machines.

Several major manufacturers of electronic data processing systems now use Buckeye high-speed printer ribbons on their equipment. Buckeye Astralon ribbons for optical scanning are now widely used by utilities, banks, and insurance companies to prepare printed copy for direct reading into computer systems. These new markets coupled with increased direct sales of high-speed printer ribbons to users resulted in doubling the volume of this portion of Buckeye's business in the year just ended.

Buckeye continues to supply practically all fabric and carbon ribbons for each of A-M's product line divisions. Included are special ribbons with photographic properties for producing offset masters and a host of other precisely formulated specialty products.

To keep pace with expanding sales opportunities Buckeye has increased its distribution organization by 30 per cent during the year just ended.

EMELOID

Significant progress was made this year in the corporation's program to obtain from The Emeloid Co., Inc., subsidiary a maximum number of plastic machine parts and components for use in the business machine and supply lines of all divisions.

Plastic card business has almost doubled in the last five years, and The Emeloid backlog on these items is at its all time high. In addition to their use as credit cards, embossed plastic cards are now used as information storage units in Addressograph Data Collection Systems.

The Emeloid subsidiary is constantly developing new products for its outside customers employing thermoplastic materials, replacing metal and other previously used materials. The result — doing many jobs better and at lower cost. Plastic parts in place of metal die cast parts often provide better in-plant handling, less final inspection, lighter weight and better color control.

Emeloid plastics sometimes replace glass in lenses, windows and gauges. Without sacrificing clarity and transparency, the plastic units can be manufactured cheaper and are more resistant to breakage.

The Emeloid business continues to expand as a supplier to the parent company and all its divisions and in the broad markets for custom plastic articles used by industry in general.



A Leader Throughout The World

UNITED STATES SALES AND SERVICE BRANCH OFFICES

The parent company has 143 sales and service branch offices and 38 sub-branch offices in the principal cities of the United States. Additionally, Charles Bruning Company, a division of Addressograph Multigraph Corporation has 76 sales and service offices.

SUBSIDIARIES

AUSTRALIA	Addressograph Multigraph of Australia Pty. Ltd.	Melbourne
AUSTRIA	Addressograph Multigraph Gesellschaft m.b.H.	Vienna
BELGIUM	Addressograph Multigraph (Belgium) S.A.	Brussels
BRAZIL	Addressograph Multigraph do Brasil S.A.	Rio de Janeiro
CANADA	Addressograph Multigraph of Canada, Limited VariTyper of Canada, Ltd. Charles Bruning Company (Canada) Ltd.	Toronto, Ontario Toronto, Ontario Toronto, Ontario
DENMARK	Addressograph Multigraph A/S	Copenhagen
FINLAND	Oy Addressograph Multigraph AB	Helsinki
FRANCE	Addressograph Multigraph S.A.	Paris
GERMANY	Addressograph Multigraph G.m.b.H.	Frankfurt/Main
GREAT BRITAIN	Addressograph Multigraph Limited VariTyper Limited	Hemel Hempstead London
JAPAN	Addressograph Multigraph of Japan, Ltd.	Tokyo
MEXICO	Addressograph Multigraph de Mexico, S.A. de C.V.	Mexico City
NETHERLANDS	Addressograph Multigraph (Nederland) N.V.	The Hague
NORTHERN RHODESIA	Addressograph Multigraph Limited	Kitwe
SOUTH AFRICA	Addressograph Multigraph (Pty.) Ltd.	Cape Town
SWEDEN	Addressograph Multigraph AB	Stockholm
SWITZERLAND	Addressograph Multigraph AG	Zurich
UNITED STATES	The Buckeye Ribbon & Carbon Co. Buckeye Holmesville Mfg. Co. The Emeloid Co., Inc. VariTyper Corporation	Cleveland, Ohio Holmesville, Ohio Hillside, N.J. Newark, N.J.

INTERNATIONAL DIVISION BRANCHES

Anchorage, ALASKA	Buenos Aires, ARGENTINA	Honolulu, HAWAII
	Hato Rey, PUERTO RICO	

SUPPLY AND PARTS DEPOTS

Chicago, Illinois	Oakland, California	Teterboro, New Jersey
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PLANT LOCATIONS

City of Industry, California	Cleveland, Ohio	Frankfurt/Main, Germany
Guilford, Connecticut	Hemel Hempstead, England	Hillside, New Jersey
Holmesville, Ohio	Kansas City, Missouri	Linden, New Jersey
Melbourne, Australia	Mount Prospect, Illinois	Newark, New Jersey
Palisades Park, New Jersey	Paris, France	Rio de Janeiro, Brazil
Rochester, New York	Teterboro, New Jersey	Tokyo, Japan
	Toronto, Ontario	

**CUTTING
COSTS
IS
OUR
BUSINESS**

PRODUCED IN U. S. A.